WHY **UNIONS** ARE TARGETING SMALL BUSINESS PAGE 40

PROFIT

The Magazine for Canadian Entrepreneurs

October/November 1995 $2.95

Putting Humpty together again

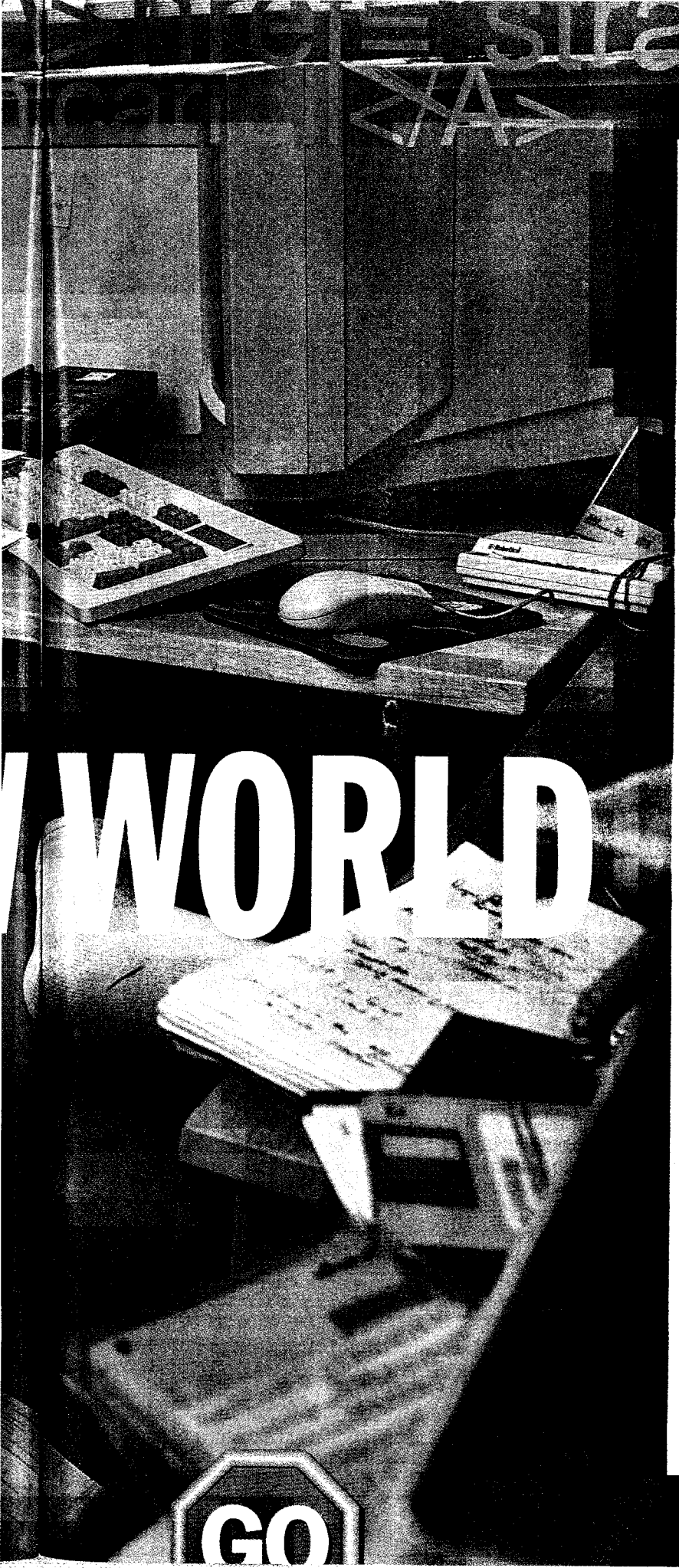
Page 44

Best-selling nethead Jim Carroll guides you through the million-channel universe

How to make money on the Internet

PUBLICATIONS MAIL SALES AGREEMENT #
POSTAGE PAID IN TORONTO

ge new



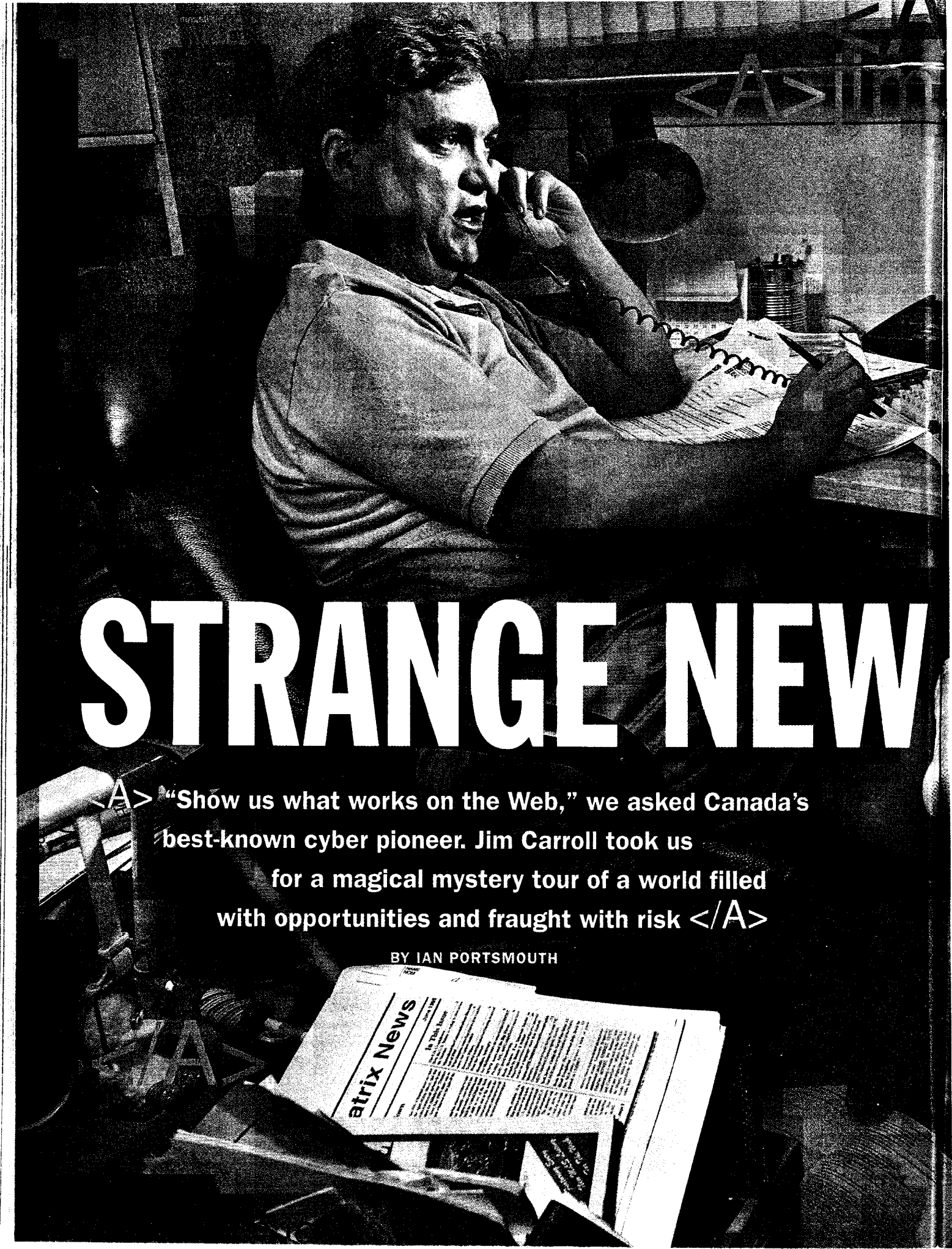
Welcome to the Carroll household," says a smiling but obviously uneasy Jim Carroll as he greets a visitor at the door of his Mississauga, Ont., home. Although I had made an appointment to get the Internet guru's advice on World Wide Web strategies for Canadian entrepreneurs, my arrival seems unexpected. Barefoot and clad in a gray T-shirt and matching gym-shorts, still grinning in embarrassment as we shake hands, he admits the source of his discomfort: "I've been so busy with the book, I forgot you were coming."

'The book' is the latest update of the best-selling *Canadian Internet Handbook*, co-authored by Carroll and Rick Broadhead, which has sold over 135,000 copies in the last 18 months, and recently spawned a companion tome for business users called *The Canadian Internet Advantage*. When Carroll isn't writing books, the accountant-turned-Net-consultant is swamped by a schedule that includes speaking engagements, a column for *The Toronto Star*, and offering advice on Internet strategy to organizations as varied as Bell Canada, Shoppers Drug Mart and The Sports Network.

Why should your company want a Web site? Because the World Wide Web is one of the most powerful business tools since the personal computer itself. A Web site can mean incredible cost savings for your company, through better customer service and reduced communications expenses. The Web can serve as a market-research tool, since it enables instant user feedback. Most important, the Web is emerging as an effective marketing tool that can bring your products and services to prospective clients around the world, in a medium that invites users to customize your firm's message according to their preferences.

I remind Carroll that I'd like him to explain the ingredients of successful websites, so he leads me upstairs to his office. Given his busy schedule, it's no shock that Carroll's office, a converted second-storey bedroom, looks as if it's been hit by a bomb. As I step in, I notice a purple-trimmed playpen in the corner; taped to the office door is a sheet of paper emblazoned with the J.A. Carroll Consulting logo and the subtitle "and Sons," a tribute to the two toddlers with whom Carroll, 36, often shares office space. Carroll pulls me up a chair, leans back leisurely in his own, clasps his hands behind his head – and gets down to business by answering my first question before I can pose it.

"People always ask me, 'What's the best website you've ever seen?' I always answer 'FedEx' because what they've done is integrate their website and their internal information-processing system," he says. "If a company has useful information sitting on a back-end database that they can give to their clients, trading partners, business associates or the general consumer, it should be made available over the Web." Federal Express has done just that, in a move that gives its "wired" clients fast, 'round-the-clock service without



STRANGE NEW

<A> "Show us what works on the Web," we asked Canada's best-known cyber pioneer. Jim Carroll took us for a magical mystery tour of a world filled with opportunities and fraught with risk </A>

BY IAN PORTSMOUTH

the added expense of phone operators and long-distance charges.

Carroll tilts forward, flicks the switch on his modem and dials up his Internet service provider with a keyboard command. Within seconds, connection is made; he logs on with his user name and password, taps a few keys, and there it is: the FedEx home page. Beneath the familiar, two-tone logo is a menu from which users can access FedEx service and rate information, request a courier, or track parcels. Carroll double-clicks on the parcel-tracking option, bringing up an online form that requests a waybill number, and returns instantly the transit status of the package in question. On another page, customers can input the point of origin, destination, and pickup time of a package and get descriptions of the various delivery services available, their prices, and guaranteed delivery times.

"That's a real strategic application. That is the model that all other companies should be looking at," Carroll says. "If they do that, then they're building an interactive link with the customer, and they'll have a leg up on the competition."

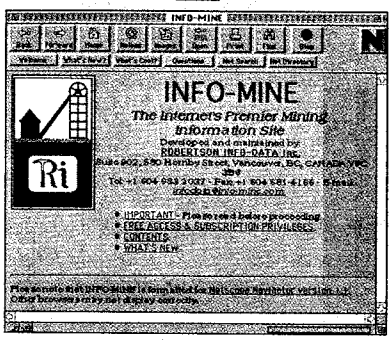
Carroll predicts that soon, using databases hooked into the Web, airlines will provide frequent-flyer updates and credit-card companies will offer up-to-date reviews of charges and balances. Further in the future, he sees hydro companies offering ongoing power-consumption data for home and business.

But what if your company has little timely information to offer? Carroll recommends Web pages that entertain, encourage user participation, and reward users for their time. The aim is to get people to come to your site again and again, where they can be repeatedly exposed to your name, products and services. Fun, interactive sites can achieve that goal, whereas dull, flat sites are soon forgotten by users who never return.

The paragon of entertaining, interactive sites, says Carroll, is Molson's new "I Am Online" site, for which he did some consulting. It takes strategic interactivity to a new level, Carroll promises. He summons up the Molson home page, but then can't remember his password. "I've got it written down somewhere," he mutters, as he searches among all the papers, books and computer hardware strewn across two desks and rows of bookcases. He gives up looking, and frustratedly types in several codewords before hitting on the right one that lets us move into the site without re-registering.

I spot one of the site's many two-way features: an online hockey pool that lets NHL fans compete across Canada, an ongoing competition that alone should keep participants returning to the site month after month. "I sort of feel responsible for that," confesses Carroll. "I met with the ad agency, and they were planning to do something second-generation [non-interactive and fairly static]. I said to them, 'You need something interactive. Why not have a hockey pool?'"

PROFIT HOT SITE



INFORMATION FOR SALE

GO If knowledge is your product, why not sell it directly over the Web? Mining-information vendor Robertson Info-Data of Vancouver is using the Net to sell more files from its database. Prior to the launch of Info-Mine's website in February, clients had to wait for delivery of computer disks or navigate a cumbersome electronic bulletin-board. The Web has none of those limits, says president Graham Baldwin: "It's a simple, easy-to-use medium — just point and click." It also enabled creation of the Info-Mine 'shopping mall', which offers investors and mining professionals free information such as corporate profiles and job listings. The mall also sells Robertson's research reports on international mining companies and mineral properties, as well as reports from mining companies themselves and industry newsletters. Prices range from 10¢ to $15, with most in the $4 to $5 range. Robertson collects commissions on the sales of its mall's "tenants", and charges them "rent" for their Web spaces. With revenue growth of 25% a month, the site is expected to post a profit early next year.

URL http://www.info-mine.com

PROFIT HOT SITE

BREWING WEB SUCCESS

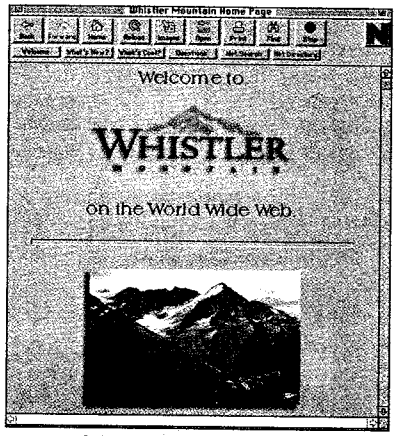
GO Give people fun, and they'll come back for more. And each time they come back, promote your product. That's the principle behind Molson's "I Am Online" site. Launched in July, it aims to increase brand awareness among young adults by repeatedly exposing them to Molson brand names. The interactive and entertaining site focusses on the two driving passions of Canadian 20-somethings — music and hockey — and unites them in a virtual community where they can exchange e-mail, join live chat sessions with Canadian musicians, or compete in a nationwide hockey pool. "It's one of the few sites with that degree of interactivity," says Blair Shier, Molson vice-president of brand management. That's both an attraction and a market-research tool: Molson generates a demographic profile of users by making them fill out an online membership application, while interactive feedback helps Molson monitor the culture and concerns of young adults. Shier claims Molson has set the standard for interactive websites: "When we unveiled our site, people were rushing off to fix their own."

URL http://www.molson.com/Canadian

It's the kind of gimmick Carroll thinks other firms should emulate when creating websites – which brings us to 'The Amazing Fishcam'. "If you don't comprehend the significance of the Amazing Fishcam, then you won't comprehend the Web," says Carroll, about a site that does nothing more than display changing snapshots of fish swimming around an office aquarium. Useless, dull and non-interactive, you say? Carroll

thinks it one of the most important sites on the Web. "It's all about the concept of cool, and if you want to get noticed on the Web, you've got to do something cool." In the online world, cool means novel – and often absurd – use of technology. In this case, integrating a camera and Web server to produce pictures of captive fish is considered way cool.

PROFIT HOT SITE



SKIING THE NET

GO Putting Whistler Resort on the Web was a no-brainer for Frank Franchini, director of marketing for Whistler Networks, sole Internet-service provider in the B.C. ski haven. The company sells Web space to area businesses and links them together in a single site. Thus Web users get one-stop access to the resort's attractions simply by searching for 'Whistler'. "It allows travellers to plan their whole vacation before getting here," says Franchini. Would-be travellers can view rooms and make reservations in Whistler hotels, read the menus of village restaurants, and get the latest ski reports. Businesses found in the virtual village include Blackcomb Mountain and Delta-Whistler Resort, which each pay $125 a month to run their sites on the service-provider's computers. Blackcomb sales director Kevin Stunder says that by midsummer its Web pages had interested 300 parties from around the world in group and corporate packages for the winter. Although none committed that early, he says the website is still worth it: "It certainly saves us communications costs, and the turnaround times are incredible."

URL http://www.whistler.net

Carroll concedes the trivial nature of the Fishcam, which is part of the home page of Netscape, developers of web-browser software. "This is stupid! It's dumb!" he says. Still, "It's drawing people to this company, which is what the Net is all about. Doing something cool or funny or unique, or having regularly updated information, giving any compelling reason for people to come to your site – that's what works on the Net."

That's another challenge for would-be Web owners: providing fresh, unique, and interesting content. Whether you offer parcel-tracking or fish photos, Carroll says, your site has to do "something new, compelling and different to get me there." The competition is not just the company down the street, but dozens or even hundreds of firms like yours around the world. Carroll speaks for many when he declares, "I've already got too much information in my life!", so make sure your website differentiates itself with novel, attractive content.

Carroll considers Time Warner's Pathfinder website a model of worthwhile content. There you'll find online versions of *Time*, *Fortune*, and *People*, all of which include content you won't find in the paper-based versions. "There's reason to visit here," says Carroll. "They don't just take *Time* magazine and dump it on the Net." For instance, *'Time Daily'* provides the day's top news items; *Sports Illustrated for Kids* offers challenging sports trivia; and the Van Halen pages give rock fans ticket information and concert updates. Unique, dynamic content with a touch of interactivity helps Pathfinder pass Carroll's "cool" test.

There's another common factor behind successful sites, notes Carroll: management participation. "Those are the best websites – the ones in which management is involved. The people with strategic responsibilities, the people with the business and marketing ability." You wouldn't put the mail room in charge of your next advertising campaign, and you shouldn't put website development in the hands of people who don't know marketing and customer relations.

Unfortunately, some companies do, and theirs are some of the worst sites on the Web. Often, well-intentioned technical staff use their spare time to build sites for employers. Typically the sites fail, because the programmers lack resources and the guidance of higher-ups. Carroll uses the Canadian Airlines site as an example. "[It] was built by some backroom techie in his spare time," he says, and it shows. When we viewed the site, some pages didn't work. Instead of being taken offline, the unfinished pages contained a lonely-sounding personal apology from the site's programmer. "That reflects on Canadian," says Carroll. "They can do themselves public-relations damage."

Musing for a moment, Carroll adds, "That happened to the banks." In January, Bank of Montreal and Royal Bank raced to become the first Canadian bankers on the Web. In their haste, they spent too little time thinking about what they wanted their sites to accomplish. Ultimately, they disappointed with flat, dull sites that offered little value-added information. "There was nothing there," says

PROFIT HOT SITE

DIGITAL STOREFRONT

GO "People call the Web a digital brochure, but it's more than that," says Brian Craig, president of Merak Projects Ltd. "It's a digital storefront." Calgary-based Merak introduced its website in April as a marketing and support tool for its software products geared to the oil industry. By August over 9,000 visitors had come through the site, where they learned about training seminars and software updates, provided feedback on Merak's products, and browsed help-wanted listings. Within two years Craig predicts the site will offer multimedia training and online product demos, distribute software and user manuals, and accept payment for products and services. "If there's anything we did wrong," says Craig, "it was not getting onto the Internet a year ago."

URL http://www.merak.com

SHIFTING GEARS

GO *Shift* Magazine's online version is a dinosaur on the Web — it's a year old. The hip, Toronto-based media guide went online last September, primarily to attract new readers by giving online audiences a chance to sample the magazine's best content plus unpublished articles. Its newest feature allows users to request a two-issue trial subscription which *Shift* follows up with a direct-mail package. Publisher Andrew Heintzmann says the offer is drawing 100 to 150 responses a month, and thinks at least half will produce paid subscriptions. His long-range goal is to grow Shift Online into *the* place on the Web to find "provocative, discerning information on media issues." Heintzmann hopes that distinction will increase *Shift's* brand equity, giving it easier access to new ventures such as multimedia publishing. That growth will be funded in part by online advertising, he says. Revenues from *Shift's* three online sponsors currently pay for the full-time site administrator.

URL http://www.shift.com/shift.home

Carroll, "just annual reports, press releases, and stuff like that. But that's not what we want. We want interactive banking. We want to list the value of our mutual funds." Again, Carroll pounds home his point: management has to define clear goals for the website, appoint the right people to create it, and patiently see the project through to the end.

The good news is that once you've got your plans nailed down, programming and maintaining a website isn't rocket science. "To have a site, you can do it on your own, or you can hire a bunch of geeks," says Carroll. "There are a lot of companies out there that will build or manage sites for you." Carroll designed and still updates his own site, giving him total creative control and freedom to make changes at his convenience. For hardware, you can buy your own for several thousand dollars, or rent space on a remote Web-server from your local Internet service provider. Carroll rents for $175 a month, and thinks the benefits are clear. "That's peanuts. I'm getting between 2,000 and 8,000 people a month coming through the thing [his website]. I couldn't reach that many people for that kind of money." Carroll figures the site – which mainly offers copies of his speeches and articles – has landed him "a ton" of business, including five recent speaking engagements.

Just in case your site ends up costing more than you can handle, you might want to use it to directly recover some costs, or even make a profit, either by charging fees or selling advertising space. Carroll says Time Warner is considering each as a means of offsetting the cost of Pathfinder, which he estimates is maintained by a staff of 150. But Carroll thinks subscription fees are the wrong way to go. "Part of the challenge is that because there's too much information on the Net, we're never really willing to pay for it unless it's really, really special." Time Warner's best bet, says Carroll, would be to sell more ads on Pathfinder, where you can already find point-and-click buttons that take you to the home pages of Saturn, Advil, and Pacific Bell. "That advertising money will fund the cost of the *Time* site," says Carroll, who thinks the advertising model will support a lot of publishing on the Net, "because people aren't going to pay for this stuff directly unless it's really compelling."

Carroll says that San Francisco-based *Wired*, the innovative – and often illegible – magazine of computer culture, collects a whopping $15,000 a month for ads on its popular *HotWired* website. Anyone can "subscribe" to the site by filling out an online questionnaire. "They do that to build a demographic profile," says Carroll. "They can then take that to advertisers and say, 'Look, we've got X number of people who do this, here's their income, here's who they are.'"

Even if you don't sell ads, online registration is a great way to conduct market research and compile a database of users interested in your site, if not your products. Molson requires users to complete an online application in return for full access, and at Ragu's 'Mama's Cucina' site, users can register to receive coupons or enter a contest to win a trip to Italy.

While the Internet's anti-commercial culture has traditionally prohibited advertising, the audience on the Web is changing, Carroll reports. "I think people are buying into that. They're saying, 'I don't mind if there's a little button up here that says 'Buy a Chevy.' So what? I don't have to go there if I don't want to."

Still, if you've ever heard mention of the need for proper 'netiquette', or talk of people being 'flamed', you were probably

MONEY TALKS

GO When Toronto-Dominion Bank climbed on the Web in February, "We wanted to be the financial-information resource centre for the Internet in Canada," says manager of information services Jeff van Duynhoven. By providing information-rich pages in a soft-sell environment, TD hoped affluent Canadians would find its customer-centred site helpful yet unintrusive, and thus migrate to TD services. One good sign: *Interactive Age*, a leading computer-media magazine, ranked TD's presence among the best 100 business websites — the first Canadian site so honored. Users can get just-in-time financial news and tax advice, download business-planning software, and structure their investment portfolio online. Eventually, says Duynhoven, "Our goal is to make the website much the same as Green Machines are now." Hopefully without the lineups.

URL http://www.tdbank.ca/tdbank

hearing about Usenet. It's a network of more than 10,000 e-mail bulletin boards, or newsgroups, each dedicated to a specific topic, from Homer Simpson to Harley Davidson. Usenet is a powerful research tool and promotional medium, but it still reflects the old, anti-commercial Internet culture. Says Carroll: "Usenet is no place that is friendly to any form of business. It's hypocritical. The rules change on a daily basis. It's weird."

Would-be cyberpreneurs should know that advertising on Usenet is more or less forbidden – and even experts get caught. Carroll was flamed when he posted a five-line message to several Canadian newsgroups announcing a new book. He received dozens of critical postings – most of them vehement, some downright rude – protesting what they called blatant advertising. Three days later he issued an electronic apology.

"I'm still a little stunned by that whole thing," says Carroll. "This is Canada, this is a Canadian book, and this is the Internet, so you'd think people would want to know about it. Boy, I learned my lesson, didn't I?" Carroll emits an uncomfortable chuckle, then straightens up in his chair, readying for a counterattack. "The very same day, somebody posted an announcement for a new book by Ernst Zundel. Anybody complain? No. An adult video store announced their website, and their posting was 300 lines long! Anybody complain? No!" He believes he was singled out because "I'm Jim Carroll, author of 'the book', and I've made some money off of it."

Carroll shrugs and melts back into his chair, saying, "Life goes on." He says he's now more wary of where he ventures in the sometimes unfriendly skies of cyberspace, and summarizes his new approach *à la* Forrest Gump: "The Internet is like Wal-Mart. You go to the departments you like... Some people are into Usenet, some people are into Internet Phone, some are into RealAudio..." Suddenly, his eyes blaze with excitement. "Have you seen RealAudio in action?"

He bangs the keyboard to summon the RealAudio home page. "This blew me away the first time I ran it," he says. A few keystrokes later, ABC Radio News is playing through a tiny speaker. "This completely changed the Internet for me." Although sound quality is poor – Carroll blames his obsolete sound card – the software lets you download National Public Radio broadcasts, celebrity interviews and taped reports such as the on-the-spot coverage of the Hindenburg disaster ("Oh, the humanity!").

Carroll says Internet audio could be used to broadcast timely information, such as company announcements. "The chairman is not going to get his speech on the nightly news, but the shareholders are interested in what he has to say. Bang! Here's the distribution system." Carroll mocks the 500-channel universe proposed by television magnates. "With the Internet, you've got a *million*-channel universe, and everyone with a website has their own TV station." With today's multimedia software, anyone can create audio-video messages and communicate them around the world.

As a visionary, Carroll offers surprisingly low-key advice for novices planning their first foray into webspace. "Get away from the hype," he says. The Web can do many things for your business, but unrealistic expectations are sure to be dashed. "Step one is to get online:" Get to know this strange new world before your business is caught in the Web. PROFIT

You can find J.A. Carroll Consulting on the Web at http://www.e-commerce. com/jacc.html

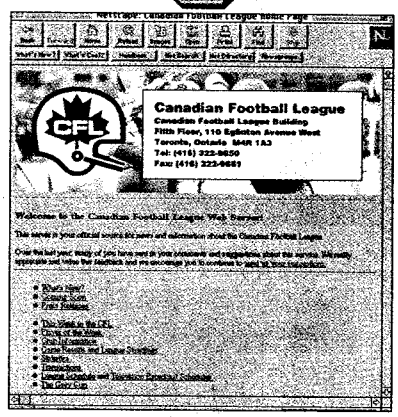
PROFIT HOT SITE

BUILDING THE FUTURE

GO "Six months ago we didn't even know where to find the Internet!" says architect Terry Mills, co-principal of Chizen & Mills Inc., a construction-design firm in Toronto. Today, the company uses its website to reach new markets, cut communications costs and market its construction-estimating software, Best Estimate. The firm uses the Web to distribute test copies of Best Estimate. If users like the program, they can order fully-working versions, which range from $85 to $625. In July, visitors were downloading 85 copies a week. The Net saves time and money compared to the old days of mailing disks, says Mills. "By the time you've packaged the discs and put stamps on, it's $5 a copy. Sending the same thing via Internet costs 10¢." The architects also publish an online brochure, complete with before-and-after photos of their renovation work. The site has attracted builders from as far afield as Britain, Australia and the Far East. Mills says of a Moroccan builder who checked out Best Estimate, "I would never have been in touch with that person any other way."

URL http://www.io.org/~estim8s/chizen.htm

PROFIT HOT SITE



ARGONAUT TO INTERNET

GO Three years ago, the CFL expanded into the U.S. Then in June it charged into cyberspace, giving sports fans around the world the chance to learn more about Canadian football. "Now that we're an international organization, this is probably the biggest medium we could ever have to spread the word about the CFL," says CFL communications manager Jim Neish. The site provides schedules, updated statistics, player profiles and even an online rulebook (the rouge, explained at last). By August the site was receiving 14,000 hits a week. The league may soon try to attract more corporate patrons by letting them sponsor Web pages as part of their package. CFL teams in Saskatchewan, Ottawa and Toronto are also on the Web, although judging from this season's showing, they should probably worry less about getting online and more about crossing the goal line.

URL http://www.cfl.ca/